

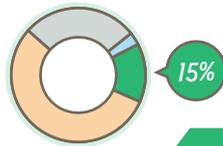
THE PROGRESS INDEX

MEASURING SHARED PROSPERITY
IN WASHINGTON STATE

COMMUNITY DEVELOPMENT & TRUST



COMMUNITY DEVELOPMENT & TRUST



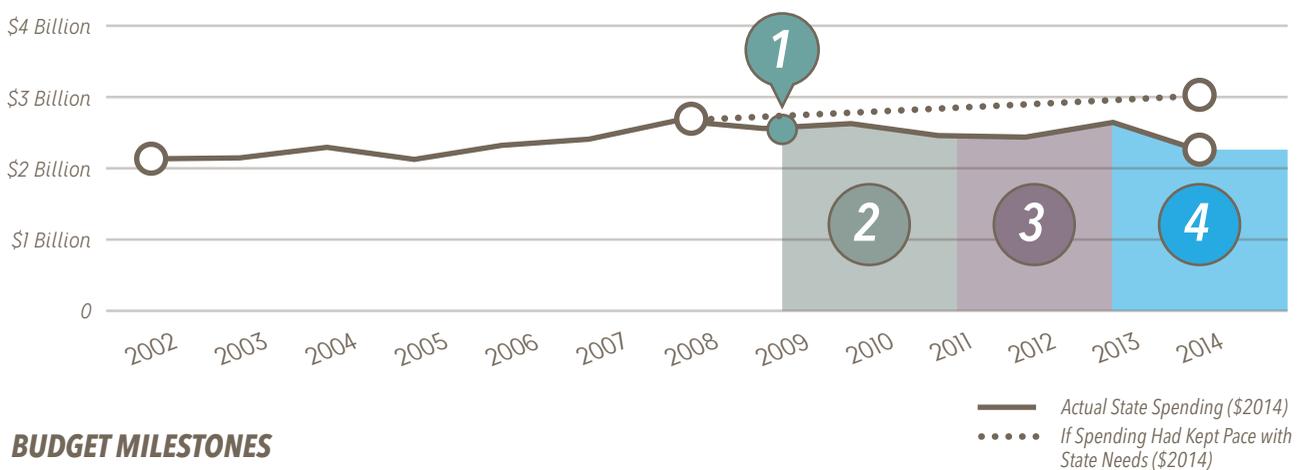
Washington state should offer a quality of life in which residents have the freedom to live, work, and play; and our state government should foster trust by making decisions out in the open.

BUDGET SNAPSHOT

INVESTMENTS IN COMMUNITY DEVELOPMENT & TRUST

Washington state invests 15 percent of its total operating revenue on government operations as well as services that support a high quality of life, such as public safety, public parks, and the arts. Spending on community development and public trust has rebounded – it is slightly above 2002 levels (Figure 18), after declining during the recession (solid line). Had spending kept pace with pre-recession growth, it would be 35 percent higher (\$776 million) than it is currently (dotted line).

FIGURE 18:
STATE INVESTMENTS IN COMMUNITY DEVELOPMENT & TRUST HAVE FALLEN BEHIND BY \$776 MILLION
State funding + federal stimulus funding, WA, 2002-2014



BUDGET MILESTONES

- 2009: Funding through the American Recovery and Reinvestment Act (ARRA) injects \$185 million into investments promoting community development and trust.
- 2009-2011: Lawmakers cut state parks funding from the General Fund by more than half, from \$94.5 million to \$41.5 million (56 percent). The Discover Pass is created, requiring Washingtonians to pay for visiting state parks. To save money on corrections, supervision for certain types of offenders is reduced, and two prisons are closed. The state also closes a rehabilitation center for juvenile offenders.
- 2011-2013: Funding for state parks from the General Fund declines to \$17.3 million.
- 2013-2015: Funding for state parks from the General Fund declines to \$8.7 million. Lawmakers make over \$200 million in bond payments early, creating a jump in funding in 2013.

Source: Budget & Policy Center analysis of LEAP data

Notes: Spending adjusted for inflation in \$2014. Estimated spending calculated using a 3.6% growth rate. See full methodology for more information on estimated spending.

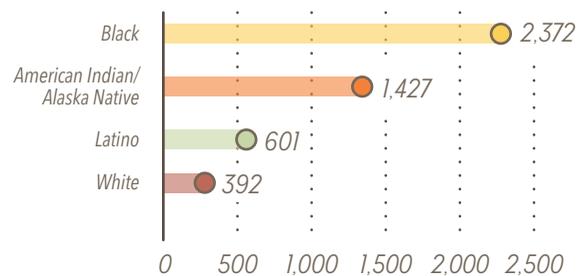
DO WASHINGTONIANS FEEL PROTECTED FROM CRIME AND HAVE CONFIDENCE IN THE CRIMINAL JUSTICE SYSTEM?

Strong communities depend on trust. When people feel confident they are protected and have the opportunity to live, work, and play without the fear of violence, harassment, or discrimination, they form stronger bonds within their communities. [27] Crime rates in Washington state are going down. However, given the extraordinary toll that involvement with the criminal justice system takes on communities, especially communities of color, [27] much more progress is needed. In Washington state (Table 11):

- The total crime rate decreased from 52 per 1,000 people in 2000 to 38 per 1,000 people in 2011. The violent crime rate has been declining as well.
- The prison population in Washington state increased more than 300 percent between 1980 and 2011. [28] While rates of incarceration have declined in recent years, the rate among adults (257 per 100,000) and children (150 per 100,000) is still high. Incarceration rates are especially high among Black, American Indian/Alaska Native, and Latino Washingtonians, who are all over-represented in the corrections system compared to their share of the overall state population (Figure 19). There is no evidence to suggest, however, that people of color commit more crime. Rather, research has shown that decisions by policymakers – such as sentencing policies and practices – have resulted in disproportionately higher rates of incarceration for people of color. [29]
- The share of adults returning to prison after being released is concerning. In 2011, nearly one in three adults (31 percent) returned to prison within three years, suggesting that former prisoners are having a difficult time transitioning back into their communities.

FIGURE 19:
PEOPLE OF COLOR OVER-REPRESENTED IN STATE PRISONS

Number of prisoners with a sentence of more than a year (per 100,000), WA, 2010



Source: Analysis by the Prison Policy Initiative based on data from the U.S. Census 2010 Summary File. <http://www.prisonpolicy.org/graphs/2010rates/WA.html>

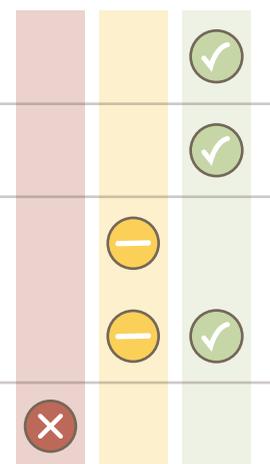
Note about data: Includes incarcerated populations in all types of correctional facilities in the state, including federal and state prisons, local jails, and halfway houses. Disaggregated data is presented to provide a preliminary understanding of disparities by race and ethnicity. On its own, this data tells a limited story about the population it represents. We encourage users of this data to engage with communities of color to develop a more accurate and meaningful understanding than the data allow.

TABLE 11:

CRIMINAL JUSTICE: KEY INDICATORS OF PROGRESS^[30]

Indicator	2000	2008	2011
Total crime rate* (per 1,000 people)	51.6 (2000)	40.7 (2008)	38.3 (2011)
Violent crime rate* (per 1,000 people)	3.7 (2000)	3.3 (2008)	2.9 (2011)
Adults in prison (per 100,000 adults)	248 (2000)	273 (2008)	257 (2013)
Juveniles in correctional facilities (per 100,000 children)	293 (2001)	218 (2007)	150 (2011)
Percent of adults returning to prison within 3 years of release	29% (2000)	28% (2008)	31% (2011)

ARE WE MAKING PROGRESS?



* In 2011 the Uniform Crime Report (UCR) data was replaced by the National Incident Based Reporting System (NIBRS), a more comprehensive system. Because NIBRS is new, it does not offer historical comparisons, so UCR was used instead. In the future, NIBRS will replace UCR in Progress Index reports.

DO COMMUNITIES HAVE ACCESS TO AMENITIES THAT ENHANCE QUALITY OF LIFE?

Quality of life in communities is greatly enhanced by state-supported amenities like parks and the arts. Parks give communities the opportunity to enjoy the beautiful landscape of Washington state and provide places for recreation, exercise, and meeting neighbors. Publicly supported art and arts education play an important role in nurturing creativity and capturing the cultural heritage of our land and people. These are the kinds of amenities that can bring people together and contribute to building strong communities. In Washington state (*Table 12*):

- State parks have taken a dramatic hit since the start of the Great Recession, with state General Fund investment declining by more than 91 percent.^[31] The parks now rely almost exclusively on sales of the Discover Pass to generate enough revenue to keep them open. Additional fees may be linked to the hastened decline in park attendance, which dropped by nearly 6 million between 2008 and 2014. What’s more, Washington State Parks and Recreation has decreased its number of permanent, full-time employees – including park rangers and construction-and-maintenance positions – from 595 in 2008 to 395 in 2012. These job losses were at the expense of environmental, historical, and cultural preservation of lands that hold significant meaning for countless Washingtonians.
- There are over 4,500 works of art displayed in public buildings throughout the state, including in K-12 schools, colleges, universities, and state agencies.

TABLE 12:

COMMUNITY AMENITIES: KEY INDICATORS OF PROGRESS^[32]

ARE WE MAKING PROGRESS?

Park attendance	47,423,130 <i>(2000)</i>	41,129,099 <i>(2008)</i>	35,289,829 <i>(2014)</i>	
Number of permanent, full-time park employees	*	595 <i>(2008)</i>	395 <i>(2012)</i>	
Number of public art works	*	*	4,500 <i>(2014)</i>	

Trend data not available

*Data not available or not comparable to subsequent years

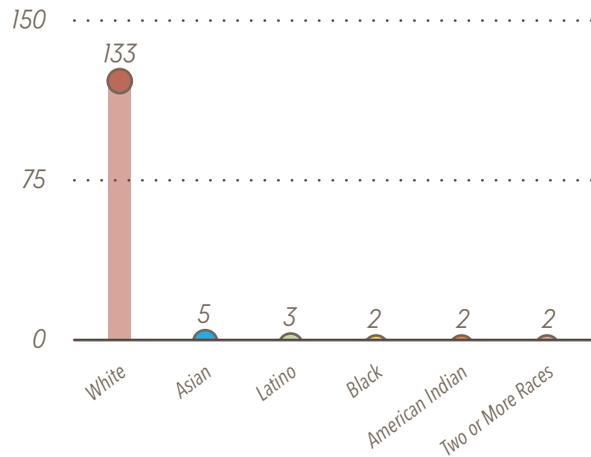
IS STATE GOVERNMENT REPRESENTATIVE?

The very concept of democracy is built on making sure all communities have a role in self-government and are civically engaged. To be truly representative, government should reflect the makeup of the communities it serves, and lawmakers should consider how its decisions affect equal opportunity. Yet women and people of color are underrepresented in elected offices, and therefore have less influence over the policy decisions that impact their daily lives. Without a representative voice, diverse perspectives are absent from the debate, resulting in an inevitable bias in how decisions get made. In Washington state (*Table 13*):

- Women comprised 41 percent of state legislators in 2000, leading the nation in female political participation. As of 2015, the share of female legislators has fallen to 33 percent, and Washington state dropped to the fifth-highest in the nation for female political participation.^[33]
- People of color make up 29 percent of the population, and Washington state will continue to grow more diverse over time. However, just 9 percent of state legislators are people of color. Of the 147 legislators in the House of Representatives and Senate in January 2014, 133 of them were White, and just 14 were people of color (*Figure 20*).

FIGURE 20:
COMMUNITIES OF COLOR ARE UNDER-REPRESENTED IN WASHINGTON STATE LEGISLATURE

Composition of the Washington State Legislature by race/ethnicity as of January 2014



Source: Seattle Times

Note: Data on race and ethnicity for legislators is not collected on a routine basis. As such, this data from January 2014 does not reflect changes that occurred in the state Legislature as a result of the most-recent election. While the composition of communities of color did not change significantly between then and now, this data does not account for the unfortunate passing of Rep. Roger Freeman, D-Federal Way, in October 2014.

TABLE 13:

GOVERNMENT REPRESENTATION: KEY INDICATORS OF PROGRESS^[34]

Share of women in state Legislature

41%
(2000)

35%
(2008)

33%
(2015)

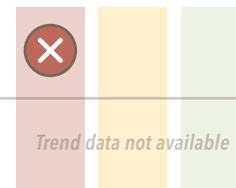
Share of people of color in state Legislature

*

*

9%

ARE WE MAKING PROGRESS?



*Data not available or not comparable to subsequent years

IS SPENDING ON STATE INVESTMENTS FARSIGHTED AND TRANSPARENT?

Future generations of Washingtonians deserve better chances to be economically successful than they have today. To keep that promise, policymakers must ensure schools, health care, child care, and other investments that create opportunity are adequate and sustained. The public must be actively involved in developing those priorities through the state budget. They should have a full view of how the budget is put together and multiple opportunities to express their priorities to lawmakers.

While more needs to be done, Washington state is making a lot of progress toward creating a state budget process that plans for the future and that the public is able to understand. Independent evaluations of the state budget and the state agencies that provide public services help ensure tax dollars are spent efficiently and in the way lawmakers intended. In Washington state (*Table 14*):

- The State Auditor’s Office (SAO) and the Joint Legislative Audit and Review Committee (JLARC) – both charged with overseeing how public dollars are spent and recommending improvements – are nationally renowned for their professionalism and independence.^[35] The majority of recommendations that both audit agencies made to state agencies between 2007 and 2013 were implemented – 84 percent of SAO’s recommendations were implemented between 2007 and 2013, and 91 percent of JLARC’s recommendations between 2009 and 2012. This resulted in better, more efficient services.^[36]
- Significant progress has been made when it comes to auditing tax breaks. JLARC evaluates the performance of most state tax breaks at least once every 10 years. This process is overseen by an independent Citizen Commission that holds regular public hearings on tax break reviews. Policymakers have brought greater transparency and accountability to the state budget by requiring any new tax break to include an expiration date, a specific public purpose, and measurements to determine whether a particular tax break is meeting that purpose. However, the Legislature implemented just 17 percent of JLARC’s recommended actions for tax breaks between 2007 and 2013.^[37]

TABLE 14:

**GOVERNMENT FARSIGHTEDNESS:
KEY INDICATORS OF PROGRESS^[38]**

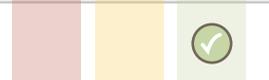
ARE WE MAKING PROGRESS?

Are state auditors (SAO and JLARC) reviewed consistently to ensure they provide independent, nonpartisan audits?



Is state spending subject to routine, independent audits on:

Spending on programs and services that are included in the state budget?



Tax breaks?



Are bonds used for state infrastructure projects considered safe investments?



Do policymakers practice sound fiscal policy by:

Forecasting revenues into the future?



Forecasting spending into the future?



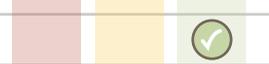
Using fiscal notes to estimate the impact of a bill?



Using a single, nonpartisan, independent agency to analyze and prepare fiscal notes and spending proposals?



Estimating maintenance level costs?



Maintaining an adequate rainy day fund?



Ensuring state employee pensions are sustainable?



Washington state has many tools to ensure that its government spending decisions are farsighted and sustainable. For example:

- Policymakers forecast state revenues four years into the future. This helps them gauge whether tax resources are adequate for the long run as they develop the state budget. They also forecast state spending on investments four years into the future. This helps to ensure spending decisions are sustainable over time.
- Professional, nonpartisan legislative staff members estimate the costs or savings associated with policy proposals. These “fiscal notes” provide lawmakers with information about the immediate and future costs of proposed legislation or tax changes. However, there is no single, independent legislative agency responsible for analyzing the Governor’s budget proposal and other spending proposals to ensure cost and savings estimates are credible and unbiased.
- Nonpartisan staffers also estimate the costs of maintaining investments at existing levels to ensure spending proposals are sustainable. Such “maintenance level” estimates also allow policymakers to gauge how spending decisions will affect those who use schools, health care, roads and transit, and other public services.
- The state maintains a Budget Stabilization Account, or “rainy day fund,” intended to help keep the budget stable during economic downturns. More progress can be made, however. Prior to a recession, total budget reserves (including the rainy day fund) should reach at least 15 percent of annual state spending, according to the Center on Budget and Policy Priorities.^[39] Reserves in Washington state are projected to reach only 8 percent of annual spending by 2019.^[40]

Because policymakers have taken these steps to foster sound financial management, Washington state bonds are considered safe investments by the independent agencies that monitor state and local government finances.^[41] That allows policymakers to save money through low interest rates on financing new roads, bridges, and other large infrastructure projects that can’t be paid for upfront. Infrastructure bonds and other types of state debt have consistently maintained the second-highest ratings given by bond ratings agencies.

One significant area for improvement is the sustainability of state employee pension funds. Although Washington state has one of the most robustly funded state and local government pension funds in the nation, policymakers have routinely contributed less to these funds over the past decade than was recommended by the State Actuary. Continuing this trend could threaten the long-term sustainability of the fund – in 2013, total resources for pensions fell to about 94 percent of what will be needed to cover current obligations to retirees. The good news is that all pension plans available to new employees are more than fully funded. It is only older, more generous pension plans that are less-than-fully funded. And lawmakers recently announced a plan to phase in higher annual contribution rates to make up for the shortfalls in these plans.

TABLE 15:

**GOVERNMENT TRANSPARENCY:
KEY INDICATORS OF PROGRESS^[42]**

Is state government transparent on the budget process by:

Making the executive and legislative budget proposals accessible to the public?

Ensuring that all the assumptions and information that help shape budget proposals are accessible to the public?

Giving Washingtonians the opportunity to participate in public hearings on the budget?

Making information about businesses that receive tax breaks available to the public?

ARE WE MAKING PROGRESS?

		✓
	—	✓
	—	✓
	—	

Overall, Washington state scores high marks for making the budget process transparent to Washingtonians. There is, however, some room for improvement – particularly with regard to tax breaks. In Washington state (*Table 15*):

- Budget proposals from the Governor, Senate, and House of Representatives are made available to the public via the Legislative Evaluation & Accountability Program (LEAP) website.^[43] Budget materials and data can be downloaded and analyzed by users.
- Most information needed to create executive and legislative budget proposals – including revenue projections and forecasts for how many people will need services – is made available to the public online. More information about the assumptions that are used to craft budget proposals should be made available to the public, however. Furthermore, the public is not always given enough time to analyze and weigh in on spending proposals before lawmakers vote on them.^[44]
- General information on the 655 tax breaks in Washington state is available to the public, and much of it can be downloaded by users. But there are only a handful of tax breaks in Washington state that require businesses to publically disclose the specific amounts they receive or how those dollars are spent.^[45] Much more could be done to make the number of tax breaks, as well as their impact, more transparent to the public.

LOOKING AHEAD

HOW WASHINGTON CAN MAKE PROGRESS ON COMMUNITY DEVELOPMENT AND TRUST

- Invest in criminal justice alternatives that result in lower rates of incarceration, and target resources toward the elimination of racial and ethnic disparities in the criminal justice system. Such alternatives should include programs that provide coordinated and individualized services to former prisoners as they transition back into their families and communities.
- Adequately fund the state parks system so all Washingtonians have ample opportunity to experience the natural beauty of the state.
- Create more-comprehensive, holistic fiscal notes. Under current law, a proposed cut to one program may directly increase costs to another program, but fiscal notes do not account for these cost shifts.
- Create an independent, nonpartisan legislative fiscal agency charged with analyzing tax and spending proposals.
- Create a more robust rainy day fund by increasing annual deposits. In addition, the fund should be allowed to grow to at least 15 percent of annual spending.
- Fully fund the state pension system by contributing the amounts recommended by the state actuary each year.
- Require the Governor to release, and publish online, a “pre-budget” document that includes all of the cost assumptions and estimates used to build annual budget proposals.
- Require the Department of Revenue to publish a list of businesses that get tax breaks and the amounts they receive each year.